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International Medicine Import Prices Hold Steady

Federal Reserve Bank of Dallas Metropolitan Business Cycle Index for El Paso dropped slightly in July. Although the index remains comfortably above year-ago levels, the marginal dip merits some attention. Federal Reserve concerns over national economic vulnerability caused the Federal Open Market Committee to vote for a 25 basis point reduction to the Federal Funds target rate. The trade war with China, an apparent recession in Germany, plus a partially inverted or flat yield curve are some of the developments affecting the outlook. In spite of that, the BRMP El Paso Household Economic Stress Index declined slightly in May and is comfortably below its year-ago reading. A similar pattern is also observed for the June unemployment rate in El Paso County. Supplemental Nutrition Assistance Program (SNAP) enrollments remained below 160 thousand for a third consecutive month in July, but that will change if the local economy weakens.

The El Paso Median Housing Price for July is 4.6 percent above the figure tallied for July 2018. That strong rate of increase is not surprising. The Months of Housing Inventory remained below 4 for a ninth consecutive month in July. Gasoline prices rose by 9 cents per gallon to $2.62 in July. The cost of crude oil has hovered around the $55 a barrel mark in recent months, causing oil and gas rig counts to decline in both Texas and New Mexico.

At 6.3 percent, the July unemployment rate for Doña Ana County is barely one-tenth of a percentage point above the July 2018 jobless rate. Better labor market conditions have encouraged more adults to seek work this summer. Sectors that have performed especially well in 2019 include construction, manufacturing, and health services. Las Cruces area SNAP caseloads remained below 28,000 in June, the twenty-seventh consecutive month it has done so.

The July peso-per-dollar nominal exchange rate declined slightly to 19.07. A 38 percent gap separates the July exchange rate from Borderplex restaurant price ratio, indicating that further appreciation for the Aztec currency may occur. A new item is introduced this month, a Nominal Price Ratio for Brand Name Medicines that can be purchased via internet transactions in Mexico and the United States. These prices do not include shipping and handling costs, nor do they include the cost of doctor appointments. For July, internet medicine prices in Mexico, on average, are 44 percent below the online prices charged in the United States.

Monthly wait increased by at least small amounts at all three of the major international bridges used to enter the United States in this region. On average, queue times lasted more than one hour per trip at all three main ports of entry to El Paso. In response, personal vehicle crossings during July dropped by more than 250,000 from the same month in 2018. In response to the long wait times, many commuters elected to walk across the border. Pedestrian traffic volumes increased by more than 20 percent to just over 730 thousand in July. Although freight traffic was also subject to similar bottlenecks, the number of cargo trucks flows traversing the bridges was mostly unchanged, albeit much more costly. Total trade through the El Paso Customs District dropped below year-ago levels in June, the first time that has occurred in 2019. Export manufacturing employment in Ciudad Juarez continued to exceed the levels observed during the corresponding months of 2018 in May. For Chihuahua State, overall economic activity grew during the first quarter, and construction activity has increased on a year-over-year basis for most of 2019. Retail activity has, however, dipped slightly in recent months.
Metro Business-Cycle Index for El Paso

Source: Federal Reserve Bank of Dallas
Metro Business-Cycle Index for El Paso

Seasonally Adjusted Index (October 1980 = 100)

Source: Federal Reserve Bank of Dallas
El Paso Household Economic Stress Index

Source: UTEP Border Region Modeling Project
El Paso Household Economic Stress Index

Source: UTEP Border Region Modeling Project
El Paso County Unemployment Rate

Source: Bureau of Labor Statistics
El Paso County Unemployment Rate

Source: Bureau of Labor Statistics
El Paso County SNAP (Food Stamp) Enrollment

Source: Texas Health and Human Services Commission
Starting in September 2014, the number of SNAP recipients is recorded for the end of each month.

El Paso County SNAP Enrollment

Number of SNAP Recipients

Source: Texas Health and Human Services Commission
El Paso Median Housing Prices

Source: Texas A&M Real Estate Center
El Paso Median Housing Prices

Source: Texas A&M Real Estate Center
Months of Housing Inventory for El Paso

Source: Texas A&M Real Estate Center
Source: Texas A&M Real Estate Center
El Paso Gasoline Prices

Source: GasBuddy.com
El Paso Gasoline Prices

Nominal Price (Dollars per Gallon)

Source: GasBuddy.com
Doña Ana County Unemployment Rate

Source: Bureau of Labor Statistics
Doña Ana County Unemployment Rate

Source: Bureau of Labor Statistics
Las Cruces Area SNAP (Food Stamp) Cases

Source: New Mexico Human Services Department
Las Cruces Area SNAP (Food Stamp) Cases

Source: New Mexico Human Services Department
Restaurant Price Ratio and Exchange Rate

Source: UTEP Border Region Modeling Project and Banco de Mexico
Restaurant Price Ratio and Exchange Rate

Source: UTEP Border Region Modeling Project and Banco de Mexico
Real Peso-per-Dollar Exchange Rate Index

Source: UTEP Border Region Modeling Project
Real Peso-per-Dollar Exchange Rate Index

Source: UTEP Border Region Modeling Project
Pharmaceutical Nominal Price Ratio in the USA and Mexico

Source: UTEP Border Region Modeling Project, healthwarehouse.com, medicinesmexico.com, medsmex.com
Pharmaceutical Nominal Price Ratio in the USA and Mexico

Source: UTEP Border Region Modeling Project, healthwarehouse.com, medicinesmexico.com, medsmex.com
Paso del Norte Monthly Wait Times

2018  2019

Source: UTEP Border Region Modeling Project
Ysleta Monthly Wait Times

Source: UTEP Border Region Modeling Project
Source: UTEP Border Region Modeling Project
Monthly Border Wait Times

Source: UTEP Border Region Modeling Project
Personal Vehicle International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Personal Vehicle International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Pedestrian International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Aggregate Pedestrian International Bridge Crossing to El Paso

Number of Pedestrians

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Cargo Truck International Bridge Crossings to El Paso

2018 vs 2019

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Cargo Truck International Bridge Crossings to El Paso

Source: Bureau of Transportation Statistics and U.S. Customs and Border Protection
Total Trade through the El Paso Customs District

Source: U.S. International Trade Commission
Total Trade through the El Paso Customs District

Source: U.S. International Trade Commission
Real Total Trade through the El Paso Customs District

Real Total Trade through the El Paso Customs District

Export-Oriented manufacturing employment in Ciudad Juárez

Source: INEGI
Export-Oriented Manufacturing Employment in Ciudad Juárez

Number of Jobs

Source: INEGI
Northern Mexico Manufacturing Orders Index

Source: Banco de México
Northern Mexico Manufacturing Orders Index

Source: Banco de México
Quarterly Indicator of Economic Activity for the State of Chihuahua

Source: INEGI
Aggregate quarterly indicator of economic activity for the state of Chihuahua

Index (2008 = 100)

Source: INEGI
Total Value of Construction in the State of Chihuahua

Source: INEGI
Total Value of Construction in the State of Chihuahua

Thousands of June 2013 Pesos

Source: INEGI
Real Retail Activity Index for the State of Chihuahua

Source: INEGI
Borderplex Business Barometer is a monthly publication of the Border Region Modeling Project (BRMP), a research unit within the Department of Economics & Finance at the College of Business Administration of The University of Texas at El Paso. BRMP information is available at: https://www.utep.edu/business/border-region-modeling-project/index.html. For additional information, contact the Border Region Modeling Project - CBA 236, UTEP Department of Economics & Finance, 500 West University Avenue, El Paso, TX 79968-0543, USA, (915) 747-7775.